

Springboard for growth

– guidelines on local purchasing initiatives
for business support organisations



BUSINESS in the *COMMUNITY*

Foreword

There are a growing number of initiatives to encourage large companies to consider sourcing more of their requirements from local suppliers. The **Better Made In Britain** and **Positive Purchasing** campaigns are just two examples of previous initiatives while the **Meet the buyer** seminars which are either held in their own right or as an adjunct to a local trade exhibition continue to be held in many parts of the country.

Additionally there are other factors which are affecting commerce and industry and could provide new opportunities for the smaller companies. These factors include:

- * the small business sector and self-employment have grown significantly in the last 10 years.
- * new technology is allowing more flexible manufacturing, eg smaller but economic production runs.
- * companies are concentrating more on their core business and are hiving off in-house facilities or are buying in a larger range of components, parts and services.
- * greater opportunities for local purchasing in meeting the growing use of Just-in-Time techniques for manufacturing requirements.

Thus the time is opportune for considering a local purchasing initiative especially with the approaching reality of the European single market after 1992. An initiative would help develop or sustain local firms and enable them to be better placed to face the threats and opportunities that will certainly arise.

Business in the Community and the Target Team are pleased to recognise the assistance in preparing the Guidelines given by the staff of a number of enterprise agencies and also the Segal Quince Wicksteed report *The Interface between Large Firms and Local Suppliers* which was prepared for the Northern Development Company.



John Neill
Chief Executive, Unipart Group of Companies Ltd
Chairman, Business in the Community
Local Purchasing Target Team.

November 1990

The aim

The aim of a local purchasing initiative is **to increase the opportunities for local suppliers**, and particularly the smaller firms, to supply the large companies, local authorities, Government departments and organisations in their locality or region on a **strictly competitive and commercial basis**.

Small firms often face difficulties in marketing to larger firms, in meeting quality standards and delivery requirements or simply knowing who to approach or what is required. Additionally new firms may have an insufficient trading record to qualify for tender lists.

Many of these difficulties could be overcome through more constructive and longer term relationships between buyers and their suppliers.

Large companies are tending to sub-contract many services traditionally provided in house, eg catering and maintenance, as well as buying in a larger proportion of components and sub-assemblies.

Local purchasing therefore can be in the direct commercial interest of the larger company as many products and services can be provided by smaller local firms on a very competitive basis.

Opportunities for increased local purchasing are strongest when:

- * new products are to be introduced and sourcing requirements have not been settled.
- * major new manufacturing facilities or developments are introduced into an area or region.
- * a company or organisation wishes to sub-contract manufacturing processes or services previously provided in-house.
- * a serious effort is made to look for import substitution.
- * requirement for increased manufacturing volumes or second sourcing is sought.
- * a poor service from existing suppliers prompts a new interest in sources of supply.

The aim of any initiative is not to substitute one local supplier for another but to ensure that when new opportunities for supply occur local suppliers are known and fully considered.

